

## Message Text

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21

ACTION COME-00

INFO OCT-01 EA-06 IO-10 ISO-00 AGR-05 CIAE-00 EB-07 INR-07

LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01 FRB-03

OMB-01 L-03 /054 W

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R 230915Z JUL 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5737

INFO USMISSION GENEVA

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E. O. 11652: NA

TAGS: ETRD, RP

SUBJECT: NEW TEXTILE AGREEMENT

REF: (A) STATE 164887; (B) STATE 143292

COMMERCE FOR ARTHUR GAREL, OFFICE OF TEXTILES

1. EMBASSY IS RECEIVING INCREASING NUMBER OF QUESTIONS ABOUT NEW TEXTILE AGREEMENT AND IS HANDICAPPED IN RESPONDING BY LACK OF COPY OF MEMORANDUM OF UNDERSTANDING. REQUEST COPY BE SENT. WOULD ALSO APPRECIATE RUNDOWN ON REMAINING STEPS TO FINALIZE AGREEMENT AND TIMING FOR UNDERTAKING THEM.

2. AMONG SPECIFIC PROBLEMS WHICH HAS SURFACED IS BELATED DISCOVERY BY PHILIPPINE INDUSTRY AND GOVERNMENT OF APPARENT CLASSIFICATION PROBLEM INVOLVING NON-TRADITIONAL EXPORTS IN CATEGORY 223. PHILIPPINES REQUESTED 300,000 DOZENS ENTIRELY IN TRADITIONAL CATEGORY. GARMENT INDUSTRY'S RECORDS SHOW IT IS NOW DISCOVERED VIRTUALLY ALL OF ACTUAL CATEGORY 223 SHIPMENTS OF 230,000 DOZENS IN 1974 TO HAVE BEEN IN NON-TRADITIONAL CATEGORY. AN AMERICAN FIRM, CHELSEA LINGERIE, INC., 36 EAST 31ST ST., NYC, BY ITSELF CLAIMS 186,000 DOZENS, ALL IN NON-TRADITIONAL CATEGORY.

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3. REFTTEL B CONTAINS U.S. FIGURES SHOWING ACTUAL SHIPMENTS IN TRADITIONAL CATEGORY TO HAVE BEEN 214,000 DOZENS FOR YEAR ENDING APRIL 1975. U.S. FIGURES SHOW RELATIVELY SMALL NON-TRADITIONAL SHIPMENTS. THUS, PHILIPPINE REQUEST FOR 300,000 DOZENS IN TRADITIONAL CATEGORY WAS CONSISTENT WITH U.S. RECORDS FOR ACTUAL CATEGORY 223 SHIPMENTS. HOWEVER, PROPOSAL NOW ADVANCED BY PHILIPPINE ASSOCIATION OF EMBROIDERY AND APPAREL EXPORTERS AND SEMI-NDORSED BY PIO DEL RODA IS TO SHIFT 250,000 O 300,000 DOZENS INTO NON-TRADITIONAL.

4. EMBASSY HAS ADVISED CHELSEA LINGERIE TO PROVIDE TO CAREL DOCUMENTATION ON ITS SHIPMENTS SUFFICIENT TO IDENTIFY THEM IN U.S. CUSTOMS RECORDS. COMPANY WILL DO SO DIRECTLY FROM ITS NEW YORK OFFICE. EMBASSY WOULD APPRECIATE BEING ADVISED WHEN DETERMINATION HAS BEEN MADE AS TO HOW THESE AND OTHER GARMENTS IN QUESTION HAVE BEEN CLASSIFIED.

5. CHELSEA LINGERIE PROBLEM IS THIRD CATEGORY IN WHICH DOCUMENTS ARE BEING OR HAVE BEEN TRANSMITTED TO CAREL (SANTIAGO AND CARAG DOCUMENTS BEING FIRST TWO). IN ADDITION, EMBASSY HAS BEEN APPROACHED BY INDUSTRY REP REGARDING ALLEGED PROBLEM IN CATEGORY 42, IN WHICH MANUFACTURERS CLAIM THEY SHIPPED 342,000 DOZENS, WITH OVER 200,000 DOZENS FROM ONE MANUFACTURER ALONE. EMBASSY HAS POINTED OUT TO GOP LOKUMAL OF LITTON MILLS, INDUSTRY REP WHO IS SITTING ON COMMITTEE TO DIVIDE UP QUOTA ALLOCATIONS, THAT IT IS OBVIOUSLY IMPOSSIBLE TO HAVE SHIPPED THIS AMOUNT IN CATEGORY 42 SINCE IT IS LIMITED BY QUOTA TO ABOUT 42,000 DOZENS. COMMITTEE IS AWARE OF THIS, AND OBVIOUSLY PERPLEXED BY PROBLEM OF SORTING OUT LEGITIMATE CLASSIFICATION PROBLEMS FROM INFLATED CLAIMS MADE TO GET A LARGER SHARE OF THE PIE.

6. WITH RESPECT TO CLASSIFICATION TRAINING, PIO DE RODA ADVISES THAT THEY WOULD LIKE TO ASSEMBLE A GROUP OF ABOUT 20 PEOPLE, MOSTLY FROM THE PRIVATE SECTOR, TO RECEIVE TRAINING FROM E. A. LIPSCOMB IN CLASSIFICATION. THEY WOULD THEN SEND GOVERNMENT PEOPLE TO U.S. FOR TRAINING. IN THIS REGARD, PIO DE RODA HAS ENQUIRED LIMITED OFFICIAL USE

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AS TO STATUS OF PROPOSAL TO FUND THROUGH AID COSTS ASSOCIATED WITH TRAINING. REQUEST READING OF PROGRESS AND ENXT STEPS RESPECTING AID FUNDING.  
SULLIVAN

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## Message Attributes

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**Channel Indicators:** n/a  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
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